

VECTREN CORPORATION



SUMMER 2001 OUTLOOK

REPORT TO IURC - May 11, 2001

Summer 2001 Outlook

Introduction

Summer Supply Resources

Demand Forecast

Transmission System Performance

Communication Plan

Generation Capacity Planning

Concerns

Conclusion

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Summer Supply Status

Summer Supply Resources

- **Historically High Unit Availability**
- **Focused Maintenance Activities**
- **Availability Goals**
- **Energy Purchases**

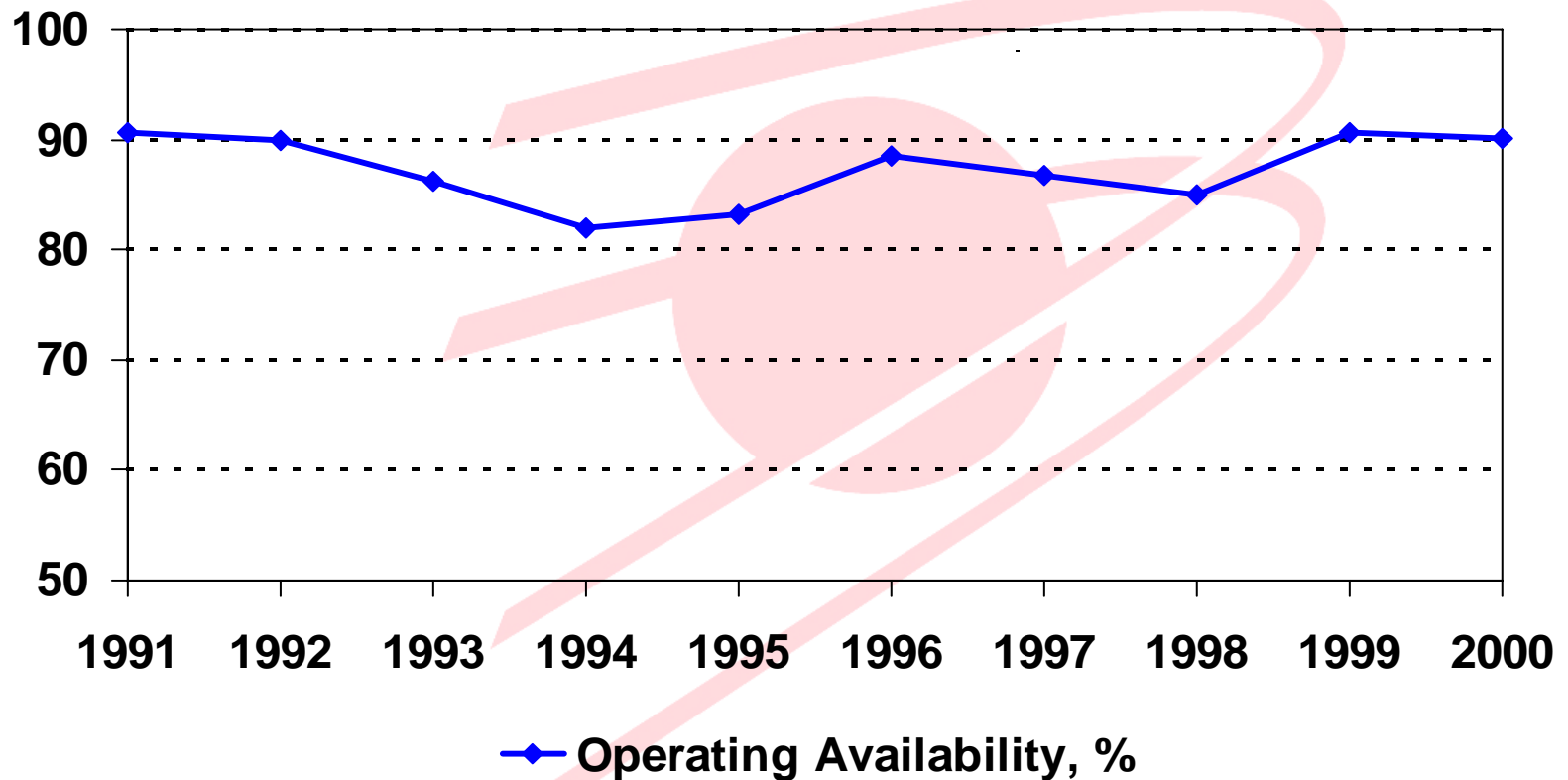
The logo for Vectren, featuring a stylized red planet with a ring system, is positioned in the background of the slide.

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COAL FIRED STEAM SYSTEM

Historical Operating Availability

Summer Supply Resources

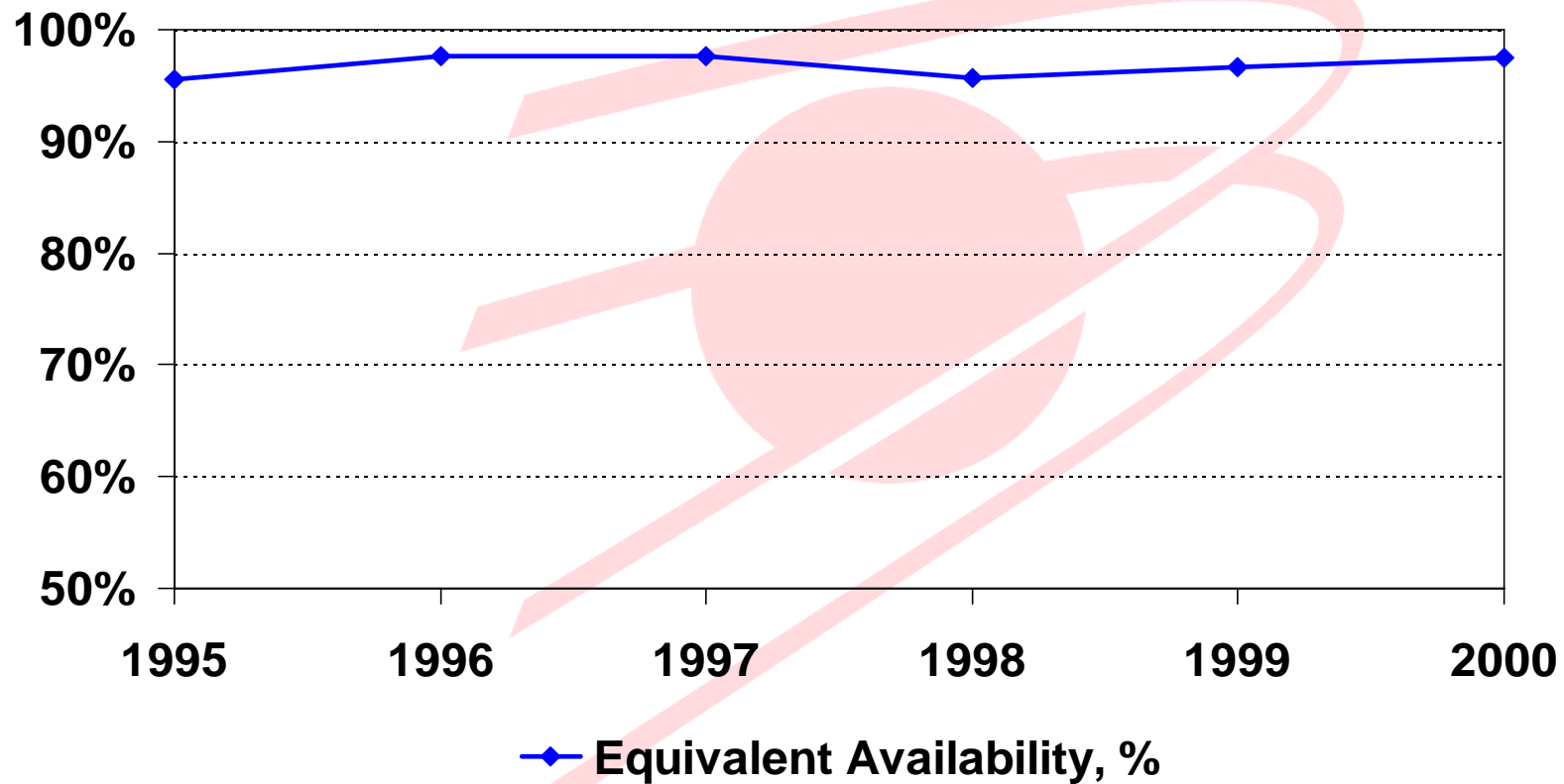


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COAL FIRED STEAM SYSTEM

Availability at Summer Peak Hour

Summer Supply Resources



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VECTREN System Capacity

Summer Supply Resources



Coal Generation	1056 MW
Combustion Turbine	215 MW
Purchased Capacity	<u>79 MW</u>
Total	1350 MW

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Interruptible **DLC Capabilities**

Summer Supply Resources



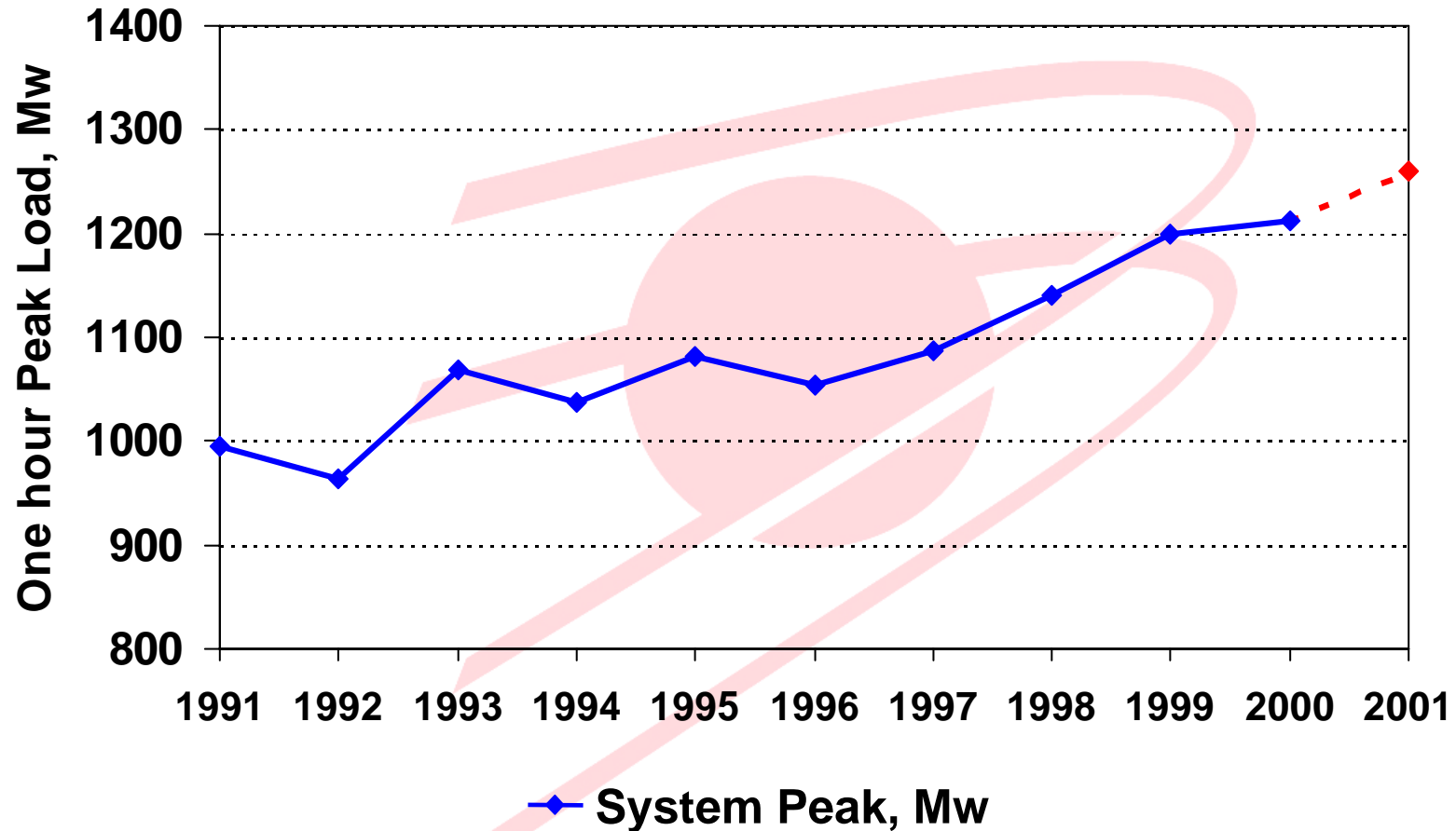
Interruptible	65 MW
DLC, normal	30 MW
DLC, emergency	50 MW

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COAL FIRED STEAM SYSTEM

Summer Peak Load

Demand Forecast



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Meet the Peak Summary

Demand Forecast

System Capability 1350 MW

Interruptible 65 MW

DLC 50 MW

Total Capability 1465 MW

2001 Projected Peak 1260 MW

System Margin (16.4)% 205 MW

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Special Provisions

Demand Forecast

- **Voluntary Capacity Releases** 75 MW
- **Internal Use Reduction Plans** 10 MW
- **Conservation Request** 30 MW
- **ECAR ARS**
- **Guaranteed generation purchase**
- **Emergency Load Reduction Plan**

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Transmission System Performance

Internal Operations

Under normal and single contingency conditions, system capacity is adequate to serve native load.

Under certain conditions select transformers outside of our system overload and reduce our import capability.

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Transmission System Performance

External Operations

Under heavy north to south regional flows, with loss of certain transmission lines at Big Rivers, VECTREN Z82 interconnection to LG&E can become overloaded.

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Communication Plan

June / July Bill Insert

Conservation Appeal

- **News Release**
- **Key Accounts Phone Appeal**
- **Media Spots**



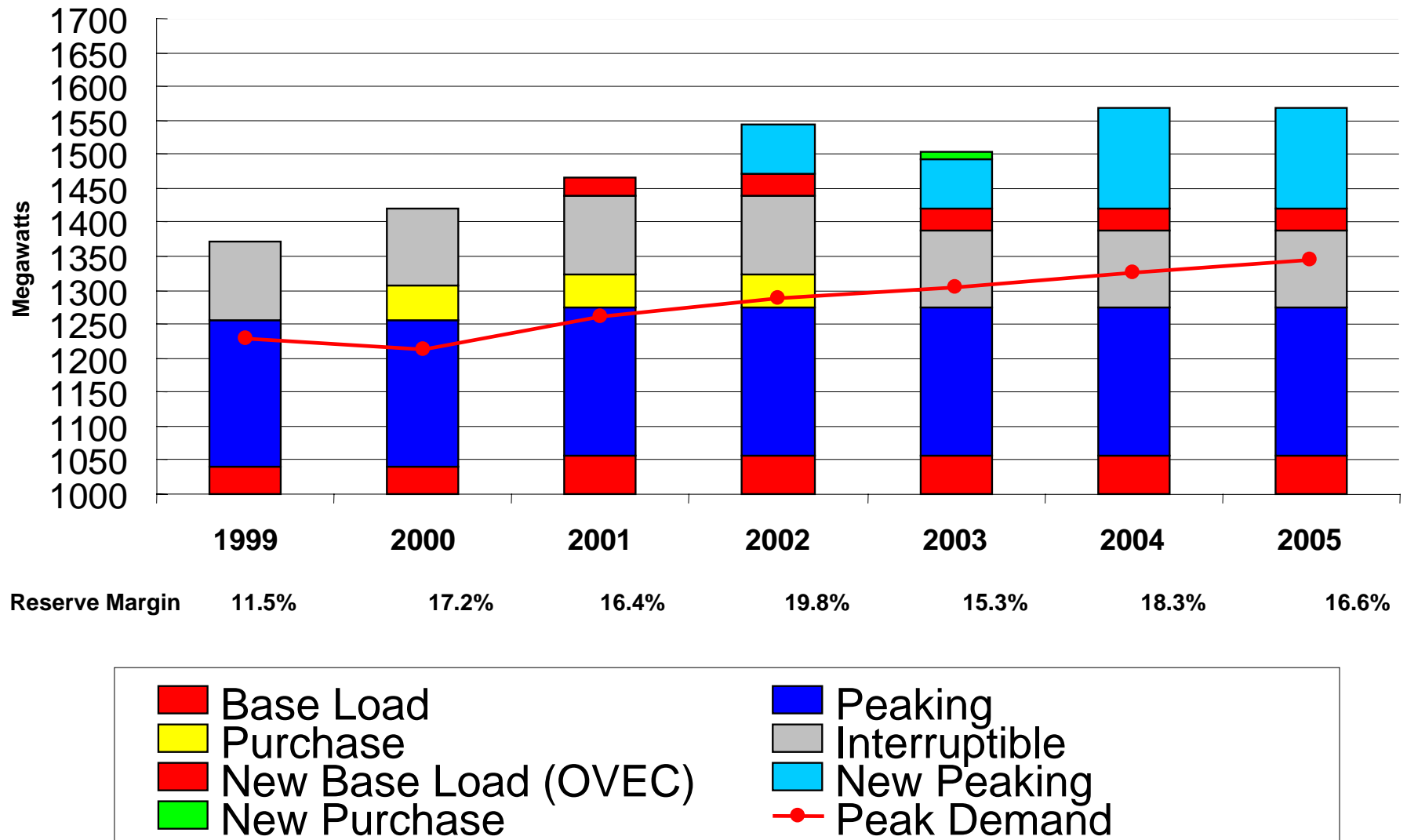
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Generation Capacity Plan

- Co-generation project has been cancelled.
- IRP calls for 80 MW of new capacity by 2002.
- Filed petition to install 80 MW Peaking Unit. Plan to have in service by June, 2002.
- Current review of IRP indicates need for second block of capacity in 2004.

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Integrated Resource Plan



Concerns

Summer Supply Resources/Demand Forecast

- **Contractual Reliability**
- **Transmission Constraints**
- **Extended Heat Wave**
- **Environmental Impacts**
- **Drought**

The logo for Vectren, featuring a stylized red sun with rays and a red swoosh that curves around it.

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Conclusion

Based upon forecasted demand for electricity and historical reliability of system generating and transmission capacity, VECTREN anticipates it will be able to provide reliable service to firm native load customers including an adequate margin.

However, unforeseen system generation outages or significant disturbances in the eastern interconnection could effect that capability.

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